

22 January 2016

## ASX release

### **MEDIBANK UPDATES HEALTH INSURANCE FINANCIAL TARGETS FOR FY16**

Medibank Private Limited (Medibank) (ASX: MPL) is due to release its first half results on 19 February 2016. While these results are still being finalised and are subject to auditor review, it is expected that Health Insurance operating profit for the six months to 31 December 2015 will be c. \$270 million. This includes the benefit of a c. \$21 million pre-tax release from the 30 June 2015 claims provision.

The operating profit result reflects better than expected claims expense outcomes as a consequence of Medibank's payment integrity program, improved hospital contracting and product and mix changes, as well as a slowdown in the growth of hospital utilisation rates.

Lower than expected new sales in a slowing market impacted first half revenue growth which was c. 4.6%. The management expense ratio in the first half of c. 8.4% reflects management expenses broadly in line with expectations but against lower than expected premium revenue.

As a consequence, Medibank is updating its financial targets for its Health Insurance business for the year ending 30 June 2016 (FY16). The revised FY16 targets are:

- Premium revenue growth of between 4.5% and 5.0% (previously "above 5.5%")
- Management expense ratio of 8.5% (previously "8.3%")
- Operating profit of above \$470 million (previously "above \$370 million")

The revised targets anticipate that the second half operating profit will be lower than the first half due to increased marketing and brand investment, and some moderation of the recent slowdown in the growth of hospital utilisation rates.

Managing Director George Savvides said he was pleased that the success of Medibank's strategic health cost leadership initiatives will enable the company to invest in providing more member benefits and value, and support member acquisition and retention.

The estimates and comments above are preliminary in nature and are subject to finalisation by Medibank and auditor review. Further details will be available with the release of Medibank's half year result on 19 February 2016.

### **Investor and analyst conference call**

Medibank will be holding an investor and analyst conference call at 9:30am AEDT today. Participants may join using the following dial-in details: + 61 2 9007 8048 or 1800 908 299 (toll free). When prompted, please enter the Conference ID: 743008.

### **For further information please contact:**

#### **For media**

Colin Neathercoat  
Head of External Affairs  
Tel: 03 8622 5553 | Mob: 0412 076 622  
Email: colin.neathercoat@medibank.com.au

#### **For investors/analysts**

Chris Richardson  
General Manager, Investor Relations  
Tel: 03 8622 5834 | Mob: 0410 728 427  
Email: chris.richardson@medibank.com.au